

*We Help
Put America
Through
School*



THE inside SCOOP

FOR BORROWERS

**The Master Promissory Note
for Direct Loan
Borrowers**



How It Works

BORROWER	SCHOOL
Submits the Free Application For Federal Student Aid (FAFSA)	
Receives a Student Aid Report (SAR)	Receives the same information
	Prepares financial aid award notification (includes subsidized and/or unsubsidized loans)
Receives financial aid award notification	School or federal Loan Origination Center sends the borrower the MPN (if needed) based on award notification
Completes and signs the MPN	
Receives Disclosure Statement from federal Loan Origination Center or school	
	Credits loan funds to borrower's account

Note: If you wish to request a lower loan amount, please contact your financial aid office.

The Master Promissory Note for Direct Loan Borrowers

Q. What is the Master Promissory Note and how does it work?

A. The Master Promissory Note (MPN) is a promissory note that can be used to make one or more loans for one or more academic years. It is not used for PLUS (parent) loans. The MPN has been used to make all Direct Subsidized and Direct Unsubsidized Loans since the 1999-2000 academic year.

If you are a borrower under the Direct Loan Program attending a school that is authorized and chooses to make multiple loans under the same MPN for more than one academic year, you will sign only one MPN. It will be used for all of your loans over multiple academic years at the same school. For example, if you enroll in college as a freshman and borrow under the Direct Loan Program for all years of study at the same school, you may be able to borrow under this one MPN for all years.

If your school is not authorized to make multiple loans under the same MPN for more than one academic year or chooses not to do so, or if you do not want to receive additional loans under the same MPN, you will have to sign a new MPN for each loan that you receive. If you do not want to receive additional loans under the same MPN, you must notify your school or the Direct Loan Servicing Center in writing.

The Master Promissory Note for Direct Loan Borrowers



Q. What am I agreeing to when I sign my MPN?

A. You are agreeing to repay your lender (the U.S. Department of Education) all loans made to you under the terms of this MPN. You are also confirming that you understand that multiple loans may be made to you under this MPN. Make sure you carefully read all of the information on the MPN before signing it.

Q. What types of loans does the MPN cover?

A. Your MPN covers both Direct Subsidized and Direct Unsubsidized Loans. Your school determines the specific loan amounts that you are eligible to receive.

Q. My MPN does not show the subsidized and/or unsubsidized loan amounts I am agreeing to borrow. How do I know how much I am borrowing?

A. Your MPN does not show specific loan amounts because it may also serve as your promissory note for future loans. Both your school and the Direct Loan Servicing Center will notify you of the specific loan amounts that you are borrowing. You should keep for your records any documents you receive from your school or the Direct Loan Servicing Center that provide information about your loans.

You can also check the status of your loan history on the Direct Loan Servicing Center's borrower account site at www.dlsvc.ed.gov.

Q. The MPN I received does not show loan periods, anticipated disbursements, or types of loans (subsidized and/or unsubsidized). How will I receive more information about the terms and conditions of my loans?

A. You will receive a **Disclosure Statement** from your school or the federal Loan Origination Center for each new loan you receive (before or at the time the first part of your loan is paid to you or credited to your account). This Disclosure Statement provides comprehensive information about the types of loans,

the amounts (including both Direct Subsidized and/or Direct Unsubsidized Loans), your loan period, and anticipated disbursements.

Important Note: If you are applying for admission at several schools, you may receive the offer of a Direct Loan from more than one school. If so, you may receive more than one Disclosure Statement (one for each school). Each Disclosure Statement will indicate the name of the school that offered you the loan or loans listed. **It is important to remember that you will be responsible for repaying only the loans you actually receive at the school you choose to attend.**

Q. What should I do with these Disclosure Statements?

A. Keep them for your records. If you receive a number of Disclosure Statements because you applied to more than one school, keep the Disclosure Statements for the loans you actually receive at the school you attend.

Q. What if I transfer to or enroll in another school?

A. If you transfer to or enroll in another school, you **might** need to sign a new MPN for any loans you receive at your new school. Generally, if you signed an MPN to borrow under the Direct Loan Program at your current school, you will **not** have to sign another MPN if—

- you transfer to another school that participates in the Direct Loan Program, and
- your new school is authorized and chooses to make multiple loans under the same MPN.

However, you will have to sign another MPN to receive a loan at your new school if—

- you transfer to a school that does not participate in the Direct Loan Program, or
- your new school is not authorized or chooses not to make multiple loans under the same MPN.

Q. What if my grade level changes—if I move from being a freshman to a sophomore, for example? Do I have to sign a new MPN to obtain more funds?

A. Generally, you will not need to sign a new MPN. If you have any questions about changes that affect your loan eligibility, contact the financial aid office at your school.

How to Complete Your MPN

Q. What do I need to do to complete the MPN accurately?

- A.** When completing your MPN, make sure you do the following:
- Use only blue or black ink. Do not use white correction fluid, pencil, or red ink.
 - Check to make sure the preprinted information in Items 1 through 6 of Section A is correct. If it is not, please correct the information and initial the change.
 - Complete the entire “References” section (Item 7) in Section A, making sure to include home phone numbers and the complete addresses, including house numbers and zip codes.
 - Do not change any information printed in Items 9 through 11 in Section B.
 - Carefully read Items 12 through 14 in Section B.
 - Sign your full legal name and date the MPN in Items 15 and 16.
 - To prevent a delay in processing your loan, return the MPN promptly to your school or to the Loan Origination Center—whichever sent or gave the MPN to you.

Q. Can I borrow LESS THAN the amount that has been awarded by my financial aid office?

A. Yes. You can choose to borrow less than the amount listed on your financial aid award notification by informing your financial aid office. **If you have been awarded both a Direct Subsidized and a Direct Unsubsidized Loan, when you request a**

lower loan amount, your unsubsidized loan amount will be reduced first.

Q. May I cancel all or a portion of my loan after my school has disbursed (paid out) my loan money?

A. Yes. Within certain time frames, you may cancel all or a portion of the loan that your school has disbursed:

- Within 14 days after the date your school notifies you that it has credited loan money to your student account or by the first day of your school's payment period, whichever is later (your school can tell you the first day of the payment period), you may inform your school that you want to cancel all or a portion of the loan money that was credited to your account. You do not have to pay interest or loan fees on the portion of your loan that you tell your school to cancel within these time frames. Your school will return the cancelled loan amount to the U.S. Department of Education.

If you ask your school to cancel your loan outside the time frames described above, your school may process your cancellation request, but it is not required to do so.

- Within 120 days of the date your school disbursed your loan money (by crediting the loan money to your student account, paying it to you directly, or both), you may return all or part of your loan to the U.S. Department of Education. You do not have to pay interest or loan fees on the portion of your loan that you return within 120 days of the date your loan is disbursed. Contact the Direct Loan Servicing Center at 1-800-848-0979 for guidance on how and where to return your loan money.